

World Trade Situation and Policy Updates

Initiation of Antidumping Duty Investigation on Spring Table Grapes from Mexico and Chile

The U.S. Department of Commerce determined on May 9 that the early-season grape growers in California have standing as an industry entity, clearing the way for the dumping petition against Chile and Mexico, filed by the Desert Grape Growers League of California on March 30, to go forward. The next significant ruling on the grape case will be the ITC's preliminary decision on injury, scheduled for June 4. The period under review in the investigation is April-June. U.S. imports of table grapes from Mexico and Chile during this period in 2000 totaled 145,709 metric tons, with an associated value of \$183 million. The Commerce Department has indicated that the case is to proceed on the following timeline:

Petition Filed	March 30, 2001
DOC Initiation	May 9, 2001
ITC Preliminary Determination	June 4, 2001
DOC Preliminary Determination*	September 26, 2001
DOC Final Determination*	December 10, 2001 ITC
Final Determination	January 24, 2002
DOC Issues Orders (If warranted)	January 31, 2002

* U.S. law allows these dates to be extended. If the DOC makes affirmative final determinations, the ITC must make final injury determinations within 45 days. If those determinations are affirmative, DOC will issue antidumping duty orders.

ITC Staff to Visit Europe to Review European Union (EU) Horticultural Sector Support Policies

As part of the ITC ongoing 332 investigation of the EU's support policies for its horticultural sector, ITC staff will be conducting meetings in Europe beginning the week of May 14. The current itinerary calls for stops in Brussels, the Netherlands, Spain, France, Italy, and Greece. FAS offices in Europe are providing support and assistance to this effort. The ITC officials plan to meet with Commission and member state officials, as well as industry representatives, to gather detailed information on the composition and operation of the EU's complex regime. For 2001, the EU Commission has budgeted approximately \$1.5 billion in direct expenditures to support the fruit and vegetable sector, with additional assistance at the member state level serving to swell that number even larger. Following the visit, the ITC investigators will begin developing their final report, which is expected to be completed and submitted to USTR by November 2001.

The EU Modifies Fruit and Vegetable Regime

Under pressure from the EU fruit and vegetable industry to simplify the associated support regime, the EU amended the market organization rules for processed tomatoes, processed peaches and pears, and citrus fruit, applicable as of marketing year 2001/02. Changes made to the regime relate to aid paid to Producer Organizations (applicable as of January 1, 2001) and the management of export refunds for fresh fruit and vegetables (applicable as of marketing year 2001/02). This is the first substantial modification to the EU fruit and vegetables regime since 1996. (Erik Hansen, 720-0875).

Mexico's 2001 Safeguard Quota Filled for Coffee Products from the United States

On April 30, 2001, Mexico's Secretariat of Economy (SE) published in the "Diario Oficial" (Federal Register) an announcement that the quantity of coffee and coffee product imports from the United States exceeded the 246-ton NAFTA safeguard tariff-rate quota (TRQ) for 2001. Given that the safeguard quantity has been reached, the tariff on imports of these products from the United States was raised from 4 percent to 20-percent ad valorem on May 1, 2001. This directive will remain in effect through December 31, 2001. The commodity codes affected are: 2101.11.01, Instant Coffee not flavored; 2101.11.02, Extract of liquid coffee concentrate, frozen or non-frozen; 2101.11.99, Others; 2101.12.01, Preparations with a basis of extracts, essences or concentrates or with a basis of coffee.

U.S. Import Duties on Iranian Pistachios to Remain in Place

The \$250 million U.S. pistachio industry has won another round in its ongoing struggle to keep out heavily subsidized pistachios from Iran. Iran, which petitioned the U.S. government to drop dumping duties on its pistachios, has withdrawn the petition, which means the duties will stay in place. These duties effectively block entry of Iranian pistachios. The Iranians did not reveal details of their subsidies, which was required if the petition was to be successful. U.S. pistachio officials say the Iranian subsidies cover both production and exports, and are believed to amount to more than the typical per-pound price of pistachios. Iran is the world's largest producer of pistachios, followed by the United States, with California accounting for virtually all production. The market is growing, but so is production. California produces about 241 million pounds, and exports around 60 percent worldwide.

U.S. and Canadian Officials Agree on Conditions for the Movement of Potatoes

On April 26, U.S. and Canadian officials announced that an agreement had been reached to allow the movement of potatoes grown from Prince Edward Island (PEI), Canada under certain agreed conditions. These conditions apply only to the 2000 PEI potato crop and are designed to mitigate the risk of spreading

the potato wart disease. Agriculture Minister Lyle Vanclief stated, "I am extremely pleased a deal has been worked out and that the issue is moving toward full resolution. This is great news for PEI potato producers." The Minister said he is encouraged by the development allowing movement of the 2000 potato crop and that the Government of Canada will continue to work with the U.S. on an agreement for the 2001 crop.

ITC Issues Affirmative Preliminary Injury Ruling in Canada Hothouse Tomato Dumping Case

The United States International Trade Commission (ITC) ruled unanimously on May 10 that there is a reasonable indication that a U.S. industry is materially injured by reason of imports of greenhouse tomatoes from Canada that are allegedly sold in the United States at less than fair value. All six Commissioners voted in the affirmative. As a result of the ITC's affirmative determination, the U.S. Department of Commerce will continue to conduct its investigation on the issue of dumping margins, with its preliminary determination due on or about September 4, 2001. An anti-dumping petition against Canadian hothouse tomatoes was filed with the ITC and Commerce Department on March 28 on behalf of Eurofresh, Inc.; Sun Blest Management; Hydro Age; Village Farms, LP; Sun Blest Farms; and Carolina Hydroponic Growers, Inc.. According to Census Bureau data, U.S. imports of Canadian hothouse tomatoes in CY2000 totaled 76,684 metric tons (MT), with an associated value of \$122 million. Hothouse tomatoes now account for roughly half of the total volume of Canadian tomato shipments to United States, and this share has been rising sharply. U.S. tomato exports (essentially all field grown) to Canada in 2000 totaled 144,950 metric tons (\$121 million), up from the previous year's total of 137,445 MT (\$104 million).

Prague Wine Promotion

FAS Prague and Vienna recently organized a dinner at the DCM's residence promoting U.S. beef and wine for the general managers of Prague's major hotels, the President of the Hotel and Restaurant Association, and the commercial directors of the rapidly expanding hyperstore chains. All participants had previously considered adding, or expanding, these products to their menus, or for sales. Without prompting, during general conversation at the table, everyone commented on the quality, unique taste and flavor of the U.S. products and that the Czech consumers with increased disposable income were more willing to spend more money for an improved consumption item. More importantly, everyone stated that they would expand these products on their menus or provide additional shelf space. Post will follow up with in-store promotions and restaurant promotions.

Italy Begins Implementing \$60 million Citrus Plan

According to the U.S. Agricultural Counselor's office, after waiting two years to get approval from the EU Commission, Italy recently began implementing the Citrus Plan it had proposed in 1999. The plan will

reportedly provide \$60 million in national aid to the citrus sector, with \$25 million being used for a variety-renovation program and \$35 million being used for structural enhancement, market organization and promotional programs. In addition, the government of Italy has spent \$15 million to buy and process 61,000 tons of oranges, lemons and tangerines to be delivered to developing countries under a humanitarian aid program. The Sicilian Regional Authority will be using \$12 million of its funds to buy and process 55,000 tons of citrus fruit during 2001. According to the Agricultural Counselor, the juice will also be used for humanitarian aid, but the program is also seen as a means of support to the Sicilian citrus sector.

Prospects for Increased Demand for Processed Food in Latvia

Products are viewed as favorable, in line with growing tourism and increasing purchase power of Latvia's population. Only the higher income segments of about one million active buyers are regular consumers of high-value food imports. So far, several constraints have contributed to the small market presence of American products. American exporters must be more aggressive as European countries have already established distribution networks and consumers are more familiar with grocery products of Scandinavian and German origin. The fast developing consolidation of retail outlets through investment by large Scandinavian chains may provide new opportunities for exporters who can successfully connect with these companies.

United States Department of Agriculture (USDA) Issues Proposed Volume Regulation to Assist Cranberry Industry

The USDA announced a proposed rule that could result in a regulation to limit the volume of cranberries marketed during the 2001-02 crop year. The proposed rule offers the industry three options. The industry's Cranberry Marketing Committee is recommending a marketable quantity of 4.7 million barrels and a producer allotment of about 67 percent for the new season beginning September 1. The allotment establishes the quantity of cranberries that handlers may purchase from, or handle for growers. Fresh and organically-grown cranberries would be exempt from the regulation. The committee's proposal is intended to stabilize plummeting prices due to expanding production and mounting inventories. A group of cranberry growers, concerned that the committee's recommendation would not result in a sufficient increase in grower prices, has submitted an alternative proposal: to set the marketable quantity at 4.0 million barrels, and fix the allotment at about 54 percent, with no exemption for fresh and organically grown fruit. USDA's Agricultural Marketing Service, which oversees the cranberry marketing order, is including in the proposed rule a third option: to establish no limits on this year's crop and let cranberry growers and handlers voluntarily and individually decide how much fruit to market. The proposed rule can be viewed at: www.ams.usda.gov/fv/moab.html.

USDA Extends Potato Diversion Deadline

The USDA is extending the public comment period for its proposed rule to assist farmers with a potato diversion program. USDA's Agricultural Marketing Service is extending the proposed rule's original May 13 deadline to June 12, and changing the time frame to submit the claim for reimbursement for the diversion from May 14-June 13 to June 13-July 13. Written comments must be received on or before June 12. Comments may be sent to: Susan Proden, Commodity Procurement Branch Chief, AMS Fruit and Vegetable Programs, USDA Stop 0239, 1400 Independence Ave. SW, Washington, D.C. 20250-0239; fax: (202) 720-2782; or via the program's Web site at: www.ams.usda.gov/fv/fvcomm.htm.

USDA Launches On-Line Manual of Permitted Fruits and Vegetables

The USDA is establishing a new manual on its website that lists all of the fruits and vegetables from every country in the world that may be imported into the United States. The manual, which includes fresh herbs and sprouts, can also be used to determine what permits are required for importation. Anything that is not included on the list is prohibited from entering the United States. This manual will meet the needs of importers from around the world who want to expand their markets to the United States but are unsure of what fruits and vegetables are permitted. The database will also benefit USDA's Animal and Plant Health Inspection Service, which has agricultural inspectors at international ports of entry around the country. APHIS' inspectors can use the on-line manual, which contains pictorial identification guides, to more quickly determine if cargo and other produce brought to the United States by importers and passengers is allowed entry or must be confiscated. To view the complete list visit: www.aphis.usda.gov/ppq/manuals.